

City of Detroit Next Michigan Development Corporation Zone

- A prospective industrial park adjacent to Detroit City Airport portends good-paying transportation-sector jobs for as many as 30,000 high-school educated Detroit residents.
- The Duggan Administration is in negotiations with the Big Three auto manufacturers, the UAW and Lear Corporation, among others, to relocate said jobs to Detroit from outside the country.
- Critical to the success of this collaboration is establishment of a Next Michigan Development Corporation zone inside the City of Detroit.
- The Next Michigan Development Act – *Public Act 275 of 2010* – currently allows for six such zones, within which locals can offer a variety of incentives to entice job providers, including but not limited to those prescribed in the Renaissance Zone Act, the Local Development Financing Act, and personal property tax exemptions offered in the General Property Tax Act.
- The existing Next Michigan Development Corporation zones are located in (1) Wayne County, adjacent to Detroit-Wayne County Metropolitan Airport; (2) Lansing-Dewitt Township, the so-called Port Lansing Aerotropolis; (3) I-69 Corridor between Flint and Port Huron; (4) Grand Traverse County; (5) the so-called West Michigan Economic Partnership in Grand Rapids and Cascades Township; and (6) Marquette-Escanaba in the Upper Peninsula.
- The prospective industrial park within Detroit would encompass about 20 factories spread over 150 acres, just west of Detroit City Airport, with the possibility for more factories and land.
- The potential tax benefit to job providers / factory owners is projected at \$1 million to \$3 million over a 10-year span – a boon to Michigan and Detroit's ability to compete with southern states like South Carolina that reportedly are offering prospective employers similar plants for as little as \$1.
- Two bills – Senate Bill 398 and House Bill 4783, both currently in House Commerce Committee – could be amended to allow a seventh Next Michigan Development Corporation zone in Detroit and facilitate investment in the state's largest city, where the unemployment rate is reportedly greater than 20 percent.

Ken Cole

From: Gloria Carnicom <carnicomg@michigan.org>
Sent: Tuesday, June 3, 2014 11:00 AM
To: 'cole.k@gcsionline.com'
Cc: James McBryde; Joel Freeman
Subject: Next Michigan

Hello Ken,

Pursuant to your request, below is a summary of the six Next Michigan Development Corporations:

1. The first NMDC was designated by the MSF Board in February 2011. The **Detroit Regional Aerotropolis Development Corporation** includes eight communities in Wayne and Washtenaw Counties as well as the Wayne County Airport Authority. <http://www.detroitregionaerotropolis.com/>
2. A second NMDC was designated by the MSF Board in December 2011. The focus of the **DeWitt Charter Township-City of Lansing NMDC**, also known as **Port Lansing Aerotropolis**, is property owned by the Capital Region Airport Authority. <http://portlansing.com/tax-incentives>
3. The third NMDC was designated by the MSF Board in February 2012. The **I-69 Corridor NMDC** will focus on small to medium-sized businesses, as well as major multi-modal sites and industrial parks, linking direct freeway and five different rail connections to the Halifax Deep Water Port in Nova Scotia, Canada; Bishop International Airport, which is the third busiest airport in Michigan; Foreign Trade Zones located in Flint and Port Huron, and Interstate 69. <http://www.i-69internationaltradecorridor.com/nmdc/>
4. The fourth NMDC was designated by the MSF Board in February 2012. The **Grand Traverse Region** is made up of an interlocal agreement among Grand Traverse County, City of Traverse City, Garfield Charter Township, East Bay Charter Township and Blair Township. [http://www.co.grand-traverse.mi.us/departments/planning/Grand Traverse Next Michigan Development Corporation GTNMDC .htm](http://www.co.grand-traverse.mi.us/departments/planning/Grand%20Traverse%20Next%20Michigan%20Development%20Corporation%20GTNMDC.htm)
5. The fifth NMDC was designated by the MSF Board in August 2012. The **West Michigan Economic Partnership** regional collaboration which consists of seven municipalities: Cascade Township, City of Grand Rapids, City of Kentwood, City of Muskegon, City of Wyoming, Kent County, and Muskegon County. <http://beta.grcity.us/design-and-development-services/Economic-Development/Pages/WestMichiganEconomicPartnership.aspx>
6. The Next Michigan Development Act was amended in December 2013 with the passage of two bills. SB 397 allows the MSF Board to designate a sixth NMDC and HB 4782 amends specifies that the MSF, when determining whether to designate a NMDC, must give preference to an "eligible Act 7 entity" made up of at least two contiguous counties that combined have a population of more than 103,000 but less than 106,000 (at the 2010 census) and where the population of the largest city of one of the counties, when combined with the largest city of the other county, is more than 32,500 but less than 35,500. (This would appear to apply to Marquette and Delta Counties and the cities of Marquette and Escanaba.) **The sixth and final NMDC has not yet been designated.**
 - o *According to our Renaissance Zone staff, the communities have not submitted any documentation to them at this point.*

For future reference, Joel Freeman now handles issues related to state government affairs, while Jim McBryde focuses on federal and budget issues. Here is Joel's contact information: 517.335.4829; freemanj7@michigan.org.

Please let me know if you have any questions.

Gloria Carnicom

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BILL



ANALYSIS

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Senate Bills 397 and 398 (as reported without amendment)
Sponsor: Senator Tom Casperson
Committee: Economic Development

(as passed by the Senate)

Date Completed: 9-23-13

RATIONALE

The Next Michigan Development Act was signed into law in 2010 and provides for the designation of up to five Next Michigan Development Corporations (NMDCs) consisting of multiple local units of government, in order to promote the development of eligible businesses that are engaged in, support, or rely on multimodal commerce (the movement of products or services via two of the following: air, road, rail, or water). There currently are five NMDCs, but none is farther north than Traverse City. Two counties in the Upper Peninsula, along with their cities and townships, evidently would like to collaborate on economic development projects dealing with transport commerce. It has been suggested that the Next Michigan Development Act should allow the designation of a sixth NMDC and give Marquette and Delta Counties priority for its location.

CONTENT

The bills would amend the Next Michigan Development Act to authorize the designation of a sixth Next Michigan Development Corporation and give preference to an "eligible act 7 entity" made up of at least two counties in the Upper Peninsula.

The Act allows an "eligible act 7 entity" or "eligible urban entity" to apply to the Michigan Strategic Fund (MSF) board for designation as a Next Michigan Development Corporation. The Act defines "eligible act 7 entity" as a separate legal and administrative entity formed by interlocal agreement under the Urban Cooperation Act among two or more local governmental units, including at least one county and at least one qualified local government unit under the Obsolete Property Rehabilitation Act, for the purpose of jointly exercising economic development powers and attracting business. "Eligible urban entity" means a city with a population of 100,000 or more that is the largest city within a metropolitan statistical area as defined by the U.S. Office of Management and Budget.

Senate Bill 397

The Act allows the MSF board, upon the filing of an application by an eligible act 7 entity or eligible urban entity, to designate the applicant as an NMDC. The MSF board may designate not more than five such development corporations.

The bill would allow the board to designate up to six Next Michigan Development Corporations.

Senate Bill 398

The bill specifies that, in determining whether to designate an NMDC, the MSF would have to give preference to an eligible act 7 entity that was made up of at least two contiguous counties that had a combined population of more than 103,000 but less than 106,000 according to the most recent decennial census, and the population of the largest city of one of those counties when combined with the largest city of the other county, was more than 32,500 but less than 35,500. (Those criteria describe Marquette and Delta Counties, and the Cities of Marquette and Escanaba, in Michigan's Upper Peninsula.)

MCL 125.2955 (S.B. 397)
125.2954 (S.B. 398)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The concept of promoting economic development centered around multimodal transportation commerce is a relatively new venture in Michigan. The 2010 Act that authorized NMDCs allows the designation of a maximum of five such entities, and all five have been established. Four are in southern Michigan and one is in the northern Lower Peninsula, in Traverse City. The NMDCs can use various tax-break statutes to promote logistics-type businesses around transportation centers. This might include, for example, a package delivery company's sorting facility, where packages are flown in to a central location, sorted for delivery, and then flown out to regional distribution centers.

Marquette and Delta Counties, the two largest counties in the Upper Peninsula, together with the Cities of Marquette and Escanaba and the townships within those two counties, would like to establish an NMDC to promote the development of transport commerce in the region. Local businesses and trade groups also are supportive. By allowing the creation of a sixth NMDC, and giving priority to locating it in the Upper Peninsula, the bills would expand the availability of NMDC economic development incentives to an area of the State that is often overlooked in such efforts.

Opposing Argument

Economic development efforts in Michigan that are based on tax incentives should not be expanded. Quasi-public entities such as NMDCs are not sufficiently accountable to the public or the electorate, and they should not be empowered to manage public funds or dole out deals to specific businesses.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The proposed authorization of an additional Next Michigan Development Corporation would reduce State and local revenue by an indeterminate amount. Businesses locating in the new NMDC would be eligible for property tax abatements and, subject to designation by the MSF, possible renaissance zone reductions of State and local taxes. The amount of General Fund revenue foregone would depend on the amount of economic activity and whether it would have occurred without the incentives. The State would be required to reimburse school districts for revenue lost due to development in an NMDC, which would increase spending from the School Aid Fund. The NMDCs currently authorized under the Next Michigan Development Act are Grand Traverse, the I-69 International Trade Corridor, the Port Lansing Global Logistics Center, the Vantageport Detroit Regional Aerotropolis, and the West Michigan Economic Partnership. The bill would authorize a sixth NMDC in the Upper Peninsula Counties of Marquette and Delta.

The MSF would have increased administrative costs of an unknown amount to review and promote the additional NMDC. These costs likely would be absorbed within existing resources.

Fiscal Analyst: Elizabeth Pratt
David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

SENATE BILL No. 398

May 29, 2013, Introduced by Senators CASPERSON and WALKER and referred to the Committee on Economic Development.

A bill to amend 2010 PA 275, entitled
"Next Michigan development act,"
by amending section 4 (MCL 125.2954).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4. (1) An eligible act 7 entity may apply to the board of
2 the Michigan strategic fund for designation as a next Michigan
3 development corporation under this act. An eligible urban entity
4 may apply to the board of the Michigan strategic fund for
5 designation as a next Michigan development corporation under this
6 act. An eligible urban entity may expressly designate an
7 instrumentality of an eligible urban entity or a nonprofit
8 corporation to file the application and act as the next Michigan
9 development corporation on behalf of the eligible urban entity.

10 (2) The territory of a next Michigan development corporation

1 shall be composed of the area within the boundaries of the cities,
2 villages, and townships which are parties to the interlocal
3 agreement as the same may be amended to add or remove parties from
4 time to time or the area of the eligible urban entity. The
5 interlocal agreement may include a division of rights,
6 responsibilities, and duties between and among the local government
7 unit parties as may be determined appropriate by the local
8 government unit parties to implement the purposes of this act and
9 otherwise shall conform to law.

10 (3) Except for an application from or on behalf of an eligible
11 urban entity, the application for next Michigan development
12 corporation status under this act shall be accompanied by a copy of
13 the interlocal agreement creating the eligible act 7 entity and the
14 approval of the governor of the interlocal agreement pursuant to
15 section 10 of the urban cooperation act of 1967, 1967 (Ex Sess) PA
16 7, MCL 124.510.

17 (4) IN DETERMINING WHETHER TO DESIGNATE A NEXT MICHIGAN
18 DEVELOPMENT CORPORATION, THE MICHIGAN STRATEGIC FUND SHALL GIVE
19 PREFERENCE TO AN ELIGIBLE ACT 7 ENTITY THAT IS MADE UP OF NOT FEWER
20 THAN 2 CONTIGUOUS COUNTIES THAT COMBINED HAVE A POPULATION OF MORE
21 THAN 103,000 BUT LESS THAN 106,000 ACCORDING TO THE MOST RECENT
22 DECENNIAL CENSUS AND THE POPULATION OF THE LARGEST CITY OF 1 OF
23 THOSE COUNTIES WHEN COMBINED WITH THE LARGEST CITY OF THE OTHER
24 COUNTY IS MORE THAN 32,500 BUT LESS THAN 35,500.

HOUSE BILL No. 4783

May 29, 2013, Introduced by Reps. McBroom, Kivela, Foster, Schor, Dianda and Schmidt and referred to the Committee on Commerce.

A bill to amend 2010 PA 275, entitled
"Next Michigan development act,"
by amending section 5 (MCL 125.2955).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 5. (1) The board of the Michigan strategic fund, upon the
2 filing of an application under section 4, may designate the
3 applicant as a next Michigan development corporation. No more than
4 5-6 next Michigan development corporations may be designated in
5 this state. The president of the Michigan strategic fund shall
6 develop the form of application for designation as a next Michigan
7 development corporation within 49 days of the effective date of
8 this act provided that an application from an eligible act 7 entity
9 or an eligible urban entity which otherwise meets the requirements
10 of this act may be filed with the board of the Michigan strategic

1 fund at any time ~~following the effective date of this act,~~ **AFTER**
2 **DECEMBER 15, 2010**, and any such application shall be considered by
3 the board of the Michigan strategic fund under subsections (2) ~~7~~
4 **AND (3).** ~~7, and (6).~~ The Michigan strategic fund shall use its best
5 efforts to develop the application process jointly with eligible
6 act 7 entities and eligible urban entities.

7 (2) The board of the Michigan strategic fund shall apply the
8 following criteria in determining to designate a next Michigan
9 development corporation:

10 (a) The nominal level of unemployed workers within the county
11 or counties which are parties to the interlocal agreement creating
12 the applicant eligible act 7 entity, if the applicant is an
13 eligible act 7 entity, or within the applicant eligible urban
14 entity, if the applicant is an eligible urban entity, in each case
15 as publicly reported by the state department of energy, labor, and
16 economic growth as of the month preceding the filing of the
17 application on an adjusted or unadjusted basis, whichever is
18 greater.

19 (b) The number of local governmental unit parties to the
20 applicant's interlocal agreement if the applicant is an eligible
21 act 7 entity.

22 (c) Whether the application demonstrates evidence of
23 significant job creation potential of a regional or state asset or
24 combinations of enterprises, facilities, or obsolete facilities
25 within the territory of the applicant, as documented by a
26 comprehensive business plan and a third-party study or studies
27 quantifying the job creation potential, and the degree of the job

1 creation potential.

2 (d) Whether the application is supported by public and private
3 commitment and the degree of the commitment.

4 (e) The extent to which the interlocal agreement or the
5 eligible urban entity creates the possibility of streamlined
6 permitting.

7 (3) ~~Subject to subsection (6), the~~ ~~THE~~ board of the Michigan
8 strategic fund shall grant or deny designation to an applicant
9 within 49 days of receipt of the application. If the board of the
10 Michigan strategic fund does not grant or deny the designation
11 within 49 days of receipt of the application, the application shall
12 be considered approved. If the application is denied, the board
13 shall provide the applicant with the specific reasons for the
14 denial by reference to the criteria set forth in subsection (2). An
15 applicant may amend the application to take into account the
16 reasons for the denial and thereafter may resubmit the application
17 to the board of the Michigan strategic fund.

18 (4) The board of the Michigan strategic fund shall not
19 designate more than 2 next Michigan development corporations in a
20 calendar year. However, the board of the Michigan strategic fund
21 may designate 3 next Michigan development corporations in a
22 calendar year if 1 or more of the next Michigan development
23 corporations designated is located entirely north of 43° 49' in
24 this state.

